



# Cameron County Regional Mobility Authority

(A component unit of Cameron County, Texas)

Financial Report  
April 1, 2016



**CAMERON COUNTY REGIONAL MOBILITY AUTHORITY**  
**(A Component Unit of Cameron County, Texas)**

**FINANCIAL REPORT**

**SEPTEMBER 30, 2015**

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
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September 30, 2015

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Cameron County Regional Mobility Authority  
Brownsville, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Cameron County Regional Mobility Authority (the RMA), a component unit of Cameron County, Texas, as of and for the year ended September 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the RMA's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the RMA as of September 30, 2015 and 2014, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 1 to the financial statements, in 2015 the RMA adopted new accounting guidance, *Governmental Accounting Standards Board ("GASB") Statement No. 68, Accounting and Financial Reporting for Pensions* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of changes in net pension liability and related ratios and schedule of employer contributions on pages 4-9 and 36-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the RMA's basic financial statements. The schedule of expenditures of

federal/state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations and State of Texas Single Audit Circular*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal/state awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of expenditures of federal/state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2016, on our consideration of the RMA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RMA's internal control over financial reporting and compliance.



**LONG CHILTON, LLP**  
*Certified Public Accountants*

Brownsville, Texas  
March 31, 2016

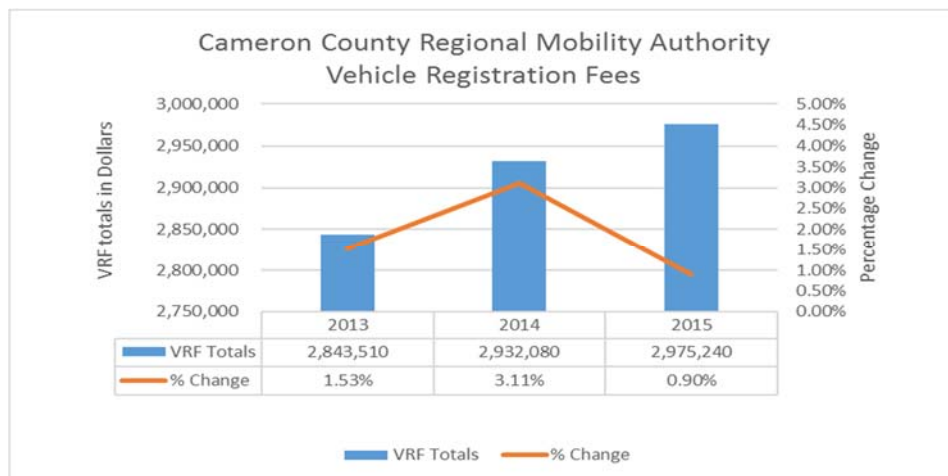
**CAMERON COUNTY REGIONAL MOBILITY AUTHORITY**  
(A Component Unit of Cameron County, Texas)  
**Management's Discussion and Analysis**  
September 30, 2015

The following is management's discussion and analysis of the financial performance and activity of the Cameron County Regional Mobility Authority (the RMA), and is designed to provide an overview that users may use to interpret the basic financial statements for the year ending September 30, 2015. This discussion and analysis has been prepared by management and should be used in conjunction with the basic financial statements and notes thereafter.

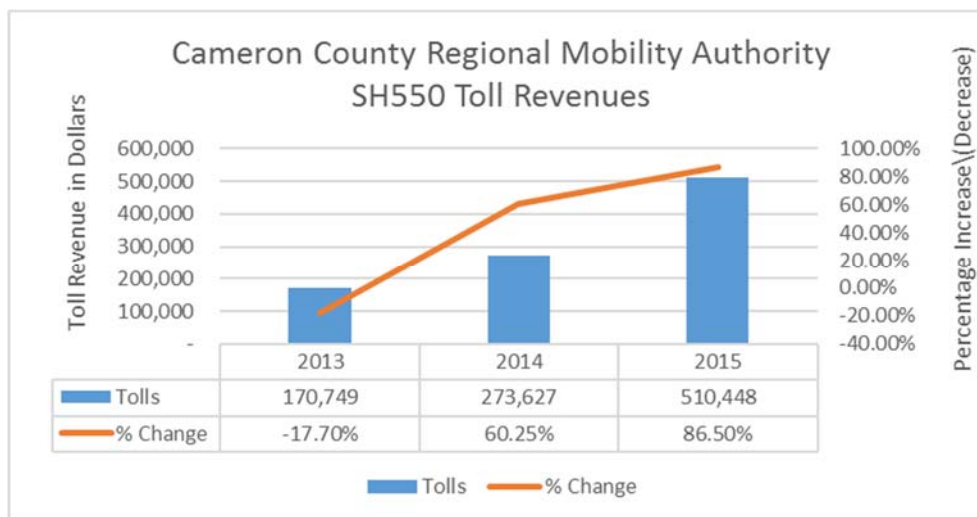
The RMA is governed by a board of directors consisting of seven members with operations overseen by an Executive Director. The RMA operates with a handful of staff members with many of its services contracted through local area professionals.

### 2015 Financial Highlights

- Vehicle registration fees revenue increased year over year in line with expectations

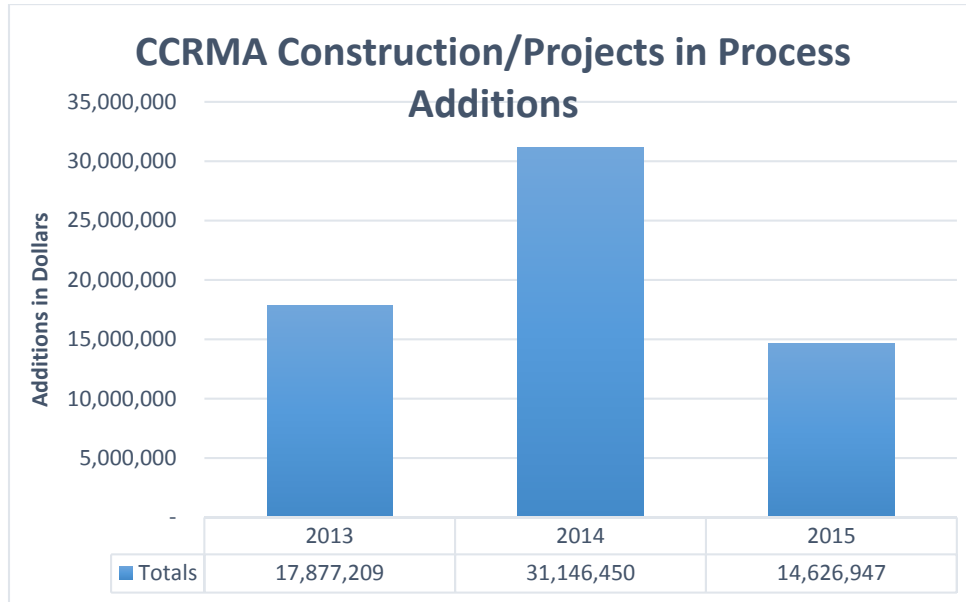


- Toll revenues experienced a significant increase for the fiscal year, primarily due to the opening of the final toll gantry at the Direct Connector location on July 4, 2015.

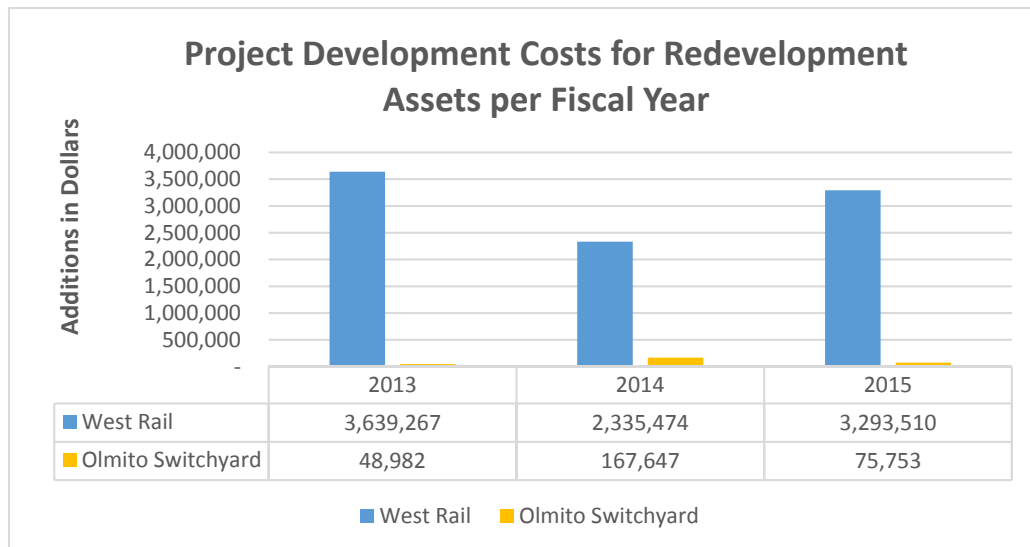


CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
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- The RMA wrapped up the construction of the Direct Connector during the fiscal year which caused the decrease in Construction/Projects in process year over year.



- The Brownsville/Matamoros West Rail Relocation (West Rail) and Olmito Switchyard are projects in which the RMA leads in developing and will not retain ownership of them at completion, they are herein referred to as redevelopment assets. The RMA receives funds from Federal, State, and Local Government sources for the development of these projects. The West Rail relocation project was opened to traffic in August of 2015.





CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
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**Overview of Basic Financial Statements**

The RMA reports its business-type activities in a single enterprise fund in which its operations and activities are reported similar to a private-sector business. The financial statements include comparative Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows. These basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board also known as GASB.

The Statement of Net Position reports the net position of the RMA as of the end of each fiscal year presented. Net position represents the residual difference of all other elements of the statement of net position for all years presented in three component categories: net investment in capital assets, restricted, and unrestricted.

The Statement of Revenues, Expenses, and Changes in Net Position presents the results of the business activities of the RMA over the course of the fiscal years presented and how ultimately those results affected the change in net position. As an enterprise fund, the RMA reports its operations using the economic resource measurement focus in which all revenues and expenses are recognized in the period which incurred with the difference reported as change in net position.

The Statement of Cash Flows, unlike the Statement of Revenues, Expenses and Changes in Net Position, reflects only the results of business activities as they affect cash over the course of the fiscal years presented. The results are reported in three categories of operating, capital and related financing, and investing activities with the net change in cash as the residual.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of the data found in these financial statements, and should be read in conjunction with management's discussion and analysis and the basic financial statements.

**FINANCIAL ANALYSIS**

**Summary of Net Position**

The RMA's net position includes the total assets minus the total liabilities with the residual difference of net position. The RMA's net position for the years ending September 30, 2015, 2014 and 2013 were approximately \$13.2 million, \$12.7 million, and \$7.8 million, respectively. The largest component of total assets for all three years was the non-current assets. Which accounts for approximately 96%, 94%, and 95% for the years 2015, 2014 and 2013, respectively. These assets consist of unexpended bond funds, capital assets, construction in process, and redevelopment assets.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
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September 30, 2015

**Summary of Net Position** – Continued

Total liabilities as of September 30, 2015, 2014 and 2013 were approximately \$136.1 million, \$129.4 million, and \$120.4 million, respectively. Non-current liabilities account for the majority of the total liabilities and consist of Financial Assistance Agreements with TxDOT, amounts due to other agencies, and long term bond payables. A more detailed description is provided in the notes to the financial statements.

**Summary of Net Position**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Assets:</b>			
Current assets	\$ 5,276,416	\$ 8,385,030	\$ 6,409,117
Capital assets, net	70,106,680	15,822,623	16,223,404
Construction and work in process	19,663,812	59,555,495	28,409,045
Other non-current	<u>54,225,627</u>	<u>58,388,710</u>	<u>77,164,353</u>
Total Assets	<u>149,272,535</u>	<u>142,151,858</u>	<u>128,205,919</u>
Deferred outflows of resources	29,870	5,654	-
Total assets and deferred outflows of resources	<u>\$ 149,302,405</u>	<u>\$ 142,157,512</u>	<u>\$ 128,205,919</u>
<b>Liabilities:</b>			
Current liabilities	\$ 2,648,534	\$ 5,439,982	\$ 6,017,391
Non-Current liabilities	<u>133,408,934</u>	<u>123,980,559</u>	<u>114,376,006</u>
Total liabilities	<u>136,057,468</u>	<u>129,420,541</u>	<u>120,393,397</u>
Deferred inflows of resources	37,456	-	-
Total liabilities and deferred inflows of resources	<u>136,094,924</u>	<u>129,420,541</u>	<u>120,393,397</u>
<b>Net position:</b>			
Capital Assets, net of related debt	931,229	6,075,314	8,761,616
Restricted	9,274,689	4,513,260	1,661,207
Unrestricted	<u>3,001,563</u>	<u>2,148,397</u>	<u>(2,610,301)</u>
Total net position	<u>\$ 13,207,481</u>	<u>\$ 12,736,971</u>	<u>\$ 7,812,522</u>

**Capital & Other Non-Current Assets**

Capital assets of the RMA include the infrastructure portion of the SH550 toll road placed in service, toll equipment, and buildings net of accumulated depreciation. The projects undergoing construction, traffic studies, environmental, and preliminary engineering studies are recorded as construction in process. As of September 30, 2015, 2014, and 2013, the RMA had approximately \$19.7 million, \$59.6 million, and \$28.4 million in construction in process.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
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**Management's Discussion and Analysis**  
September 30, 2015

**Capital & Other Non-Current Assets** – Continued

**Capital & Other Non-Current Assets**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Capital Assets:</b>			
Capital Assets, net	\$ 70,106,680	\$ 15,822,623	\$ 16,223,404
<b>Non-Current Assets</b>			
Restricted Assets	8,898,693	16,364,428	37,651,010
Construction in Process	19,663,812	59,555,495	28,409,045
Redevelopment and other non-current asset:	45,326,934	42,024,282	39,513,343
Totals	<u>\$ 143,996,119</u>	<u>\$ 133,766,828</u>	<u>\$ 121,796,802</u>

**Non-Current Liabilities**

Due to other agencies, as of September 30, 2015, 2014, and 2013 were approximately \$13.3 million, \$11.1 million, and \$7.9 million, respectively. These amounts include financial assistance agreements with TxDOT. Liabilities related to redevelopment assets include funds provided to the RMA from federal, state, and local sources for redevelopment assets. In the totals for long-term bonds payable, the RMA has both tax exempt and non-tax exempt issuances. A more detailed description to these bond issuances can be found in the notes to the financial statements.

**Non-Current Liabilities**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Non-Current Liabilities:</b>			
Due to Other Governments	\$ 13,305,416	\$ 11,062,796	\$ 7,885,913
Liabilities related to redevelopment assets	40,848,309	37,302,720	35,095,331
Long Term Bond Payable	79,250,062	75,615,043	71,394,762
Net pension liability	5,147	-	-
Totals	<u>\$ 133,408,934</u>	<u>\$ 123,980,559</u>	<u>\$ 114,376,006</u>

**Changes in Net Position**

The RMA's total revenues for the year ending September 30, 2015, 2014, and 2013 were approximately \$4.4 million, \$7.7 million, and \$9.8 million, respectively.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
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**Management's Discussion and Analysis**  
September 30, 2015

**Changes in Net Position** – Continued

Total expenses for the year ending September 30, 2015, 2014, and 2013 were approximately \$3.9 million, \$2.7 million, and \$6.3 million, respectively.

**Changes in Net Position**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues:			
Vehicle registration fees	\$ 2,975,240	\$ 2,932,080	\$ 2,843,510
Toll revenue	510,448	273,627	170,749
Transportation reinvestment zone	378,840	295,907	-
Other operating revenue	495,514	166,602	120,000
Non-operating revenue	8,106	4,019,461	6,690,376
Total Revenues	<u>4,368,148</u>	<u>7,687,677</u>	<u>9,824,635</u>
Expenses:			
Operating	2,198,909	1,143,583	4,703,014
Non-operating	<u>1,698,729</u>	<u>1,625,299</u>	<u>1,628,640</u>
Total Expenses	<u>3,897,638</u>	<u>2,768,882</u>	<u>6,331,654</u>
Change in Net Position	<u>\$ 470,510</u>	<u>\$ 4,918,795</u>	<u>\$ 3,492,981</u>

**Contacting the RMA's Financial Management**

The financial report is designed to provide customers, investors, and creditors with a general overview of the RMA's finances and to demonstrate the RMA's accountability for all inflows and outflows of resources. If you have any questions about this report or need additional financial information, contact the Cameron County Regional Mobility Authority located at 3461 Carmen Avenue, Rancho Viejo, Texas 78575 or visit [www.ccrma.org](http://www.ccrma.org) for more information.



CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)

**Statements of Net Position**  
September 30, 2015 and 2014

	2015	2014
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 2,958,483	\$ 6,056,636
Accounts receivable	578,611	757,670
Due from other agencies	1,739,322	1,570,724
Total Current Assets	<u>5,276,416</u>	<u>8,385,030</u>
Non-Current Assets:		
Restricted Assets:		
Cash-trustee funds	5,492,899	10,885,656
Cash-debt reserve	2,256,741	2,256,741
Cash-debt service	1,149,053	3,222,031
Total Restricted Assets	<u>8,898,693</u>	<u>16,364,428</u>
Capital assets, net	70,106,680	15,822,623
Construction and work in process	19,663,812	59,555,495
Redevelopment assets	45,203,258	41,895,820
Prepaid bond insurance	123,676	128,462
Total Non-Current Assets	<u>143,996,119</u>	<u>133,766,828</u>
Total Assets	<u>149,272,535</u>	<u>142,151,858</u>
Deferred outflows related to pension	29,870	5,654
Total Assets and Deferred Outflows	<u>\$ 149,302,405</u>	<u>\$ 142,157,512</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 1,176,543	\$ 4,014,987
Accrued interest payable	454,491	477,495
Due to other governments	167,500	167,500
Current maturities of bonds	850,000	780,000
Total Current Liabilities	<u>2,648,534</u>	<u>5,439,982</u>
Non-Current Liabilities:		
Due to other agencies	13,305,416	11,062,796
Liabilities related to redevelopment assets	40,848,309	37,302,720
Long-term bond payable	79,250,062	75,615,043
Net pension liability	5,147	-
Total Non-Current Liabilities	<u>133,408,934</u>	<u>123,980,559</u>
Total Liabilities	<u>136,057,468</u>	<u>129,420,541</u>
Deferred inflows of resources	37,456	-
Total Liabilities and Deferred Inflows	<u>136,094,924</u>	<u>129,420,541</u>
NET POSITION		
Net investment in capital assets	931,229	6,075,314
Restricted	9,274,689	4,513,260
Unrestricted	3,001,563	2,148,397
Total Net Position	<u>13,207,481</u>	<u>12,736,971</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 149,302,405</u>	<u>\$ 142,157,512</u>

See Accompanying Notes to the Financial Statements

**CAMERON COUNTY REGIONAL MOBILITY AUTHORITY**  
**(A Component Unit of Cameron County, Texas)**  
**Statements of Revenues, Expenses**  
**And Changes in Net Position**  
**Years Ended September 30, 2015 and 2014**

	2015	2014
Operating Revenues		
Vehicle registration fee	\$ 2,975,240	\$ 2,932,080
Toll revenue	510,448	273,627
Transportation reinvestment zone	378,840	295,907
Other operating revenue	495,514	166,602
Total Operating Revenues	<u>4,360,042</u>	<u>3,668,216</u>
Operating Expenses		
Advertising	61,610	2,076
Salaries and contractual services	895,350	371,591
Insurance	41,587	22,283
Miscellaneous	63,670	18,504
Office expenses	31,130	7,103
Professional services	41,238	42,610
Travel	32,770	37,081
Toll services	232,179	107,904
Utilities	22,939	10,023
Depreciation	776,436	524,408
Total Operating Expenses	<u>2,198,909</u>	<u>1,143,583</u>
Operating Income (Loss)	<u>2,161,133</u>	<u>2,524,633</u>
Non-Operating Revenues (Expenses)		
Bond issuance costs	(307,269)	(159,265)
Interest expense	(1,391,460)	(1,466,034)
Interest income	8,106	8,234
Other revenue	-	11,227
Total Non-Operating Revenue (Expenses)	<u>(1,690,623)</u>	<u>(1,605,838)</u>
Income (Loss) before capital contributions and special item	470,510	918,795
Special item-settlement proceeds	-	4,000,000
Change in Net Position	<u>470,510</u>	<u>4,918,795</u>
Net Position-beginning of year	12,736,971	7,812,522
Prior Period Adjustment	-	5,654
Net Position as restated-beginning of year	<u>12,736,971</u>	<u>7,818,176</u>
Net Position-end of year	<u>\$ 13,207,481</u>	<u>\$ 12,736,971</u>

See Accompanying Notes to the Financial Statements

**CAMERON COUNTY REGIONAL MOBILITY AUTHORITY**  
**(A Component Unit of Cameron County, Texas)**  
**Statements of Cash Flows**  
**Years Ended September 30, 2015 and 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from vehicle registration fees	\$ 2,933,830	\$ 2,899,320
Receipts from toll revenues	475,297	265,121
Receipts from other operating sources	735,124	298,529
Payments to vendors	(782,957)	(208,087)
Payments to employees	(614,540)	(243,286)
Net cash provided by (used in) operating activities	<u>2,746,755</u>	<u>3,011,597</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisitions of property and equipment	(551,206)	(579,013)
Payments on interest	(1,606,854)	(1,456,589)
Acquisitions of construction in progress	(20,735,131)	(34,115,960)
Payments on bond principal	(780,000)	(765,000)
Bond and grant proceeds	4,566,232	6,832,449
Advances from TxDot FAA and other project agreements	5,788,210	9,723,157
Net cash provided by (used in) capital and related financing activities	<u>(13,318,749)</u>	<u>(20,360,956)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Receipts from interest income	<u>8,106</u>	<u>8,232</u>
Net increase (decrease) in cash and cash equivalents	(10,563,888)	(17,341,127)
Cash and cash equivalents at beginning of year	22,421,064	39,762,191
Prior period adjustment affecting cash	-	-
Cash and cash equivalents at end of year	<u>\$ 11,857,176</u>	<u>\$ 22,421,064</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED) BY OPERATING ACTIVITIES:</b>		
Operating income (Loss)	\$ 2,161,134	\$ 2,524,633
Adjustments to reconcile operating income to net cash provided by operating activities:		
Net prior period adjustment affecting operations	-	-
Depreciation expense	776,436	524,408
Changes in assets and liabilities:		
(Increase) decrease in prepaid expenses and other assets		8,420
(Increase) decrease in due from other agencies	(215,791)	(306,728)
(Decrease) increase in accounts payable	24,976	260,712
(Decrease) increase in other liabilities	<u>-</u>	<u>152</u>
Net cash flows provided by operating activities	<u>\$ 2,746,755</u>	<u>\$ 3,011,597</u>

See Accompanying Notes to the Financial Statements

(continued)

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Statements of Cash Flows - Continued**  
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
RECONCILIATION OF ENDING CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Ending cash - Statement of Cash Flows	\$ 11,857,176	\$ 22,421,064
Less: amount reported in restricted assets	<u>8,898,693</u>	<u>16,364,428</u>
Ending cash - Statement of Net Position	<u><u>\$ 2,958,483</u></u>	<u><u>\$ 6,056,636</u></u>

See Accompanying Notes to the Financial Statements



CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2015

**Note 1 – Organization and Summary of Significant Accounting Policies**

The financial statements of the RMA have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the RMA's accounting policies are described below:

**A. Reporting Entity**

The Cameron County Regional Mobility Authority (the RMA) was authorized for creation in September 30, 2004, by the Texas Transportation Commission to promote and improve regional mobility within Cameron County. Since its creation, the RMA has committed itself to an ambitious series of economically sustainable projects to improve the quality of life for area residents and enable quality economic development. The RMA receives funds from Vehicle Registration Fees in Cameron County as well as toll revenues and grant funds for projects. The RMA is governed by a board of directors consisting of seven members with operations overseen by an Executive Director. The RMA operates with a small staff and contracts many of its services with local area professionals.

In evaluating how to define the RMA, for financial reporting purposes, management has determined that there are no entities over which the RMA exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the RMA. Since the RMA does not exercise significant influence or accountability over other entities, it has no component units.

**B. Basis of Accounting**

The operations of the RMA are accounted for as an enterprise fund on an accrual basis in order to recognize the flow of economic resources. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized and all assets and liabilities associated with the operation of the RMA are included in the Statement of Net Position.

**C. Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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**Note 1 – Organization and Summary of Significant Accounting Policies – Continued**

**D. Cash & Cash Equivalents**

Cash and cash equivalents include cash on hand and demand deposits. These deposits are fully collateralized or covered by federal deposit insurance.

**E. Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets, are reported at cost. Depreciation is computed on the straight-line method over the following estimated useful lives:

Road and bridges, 40 years  
Improvements, 5-20 years  
Buildings, 20-30 years  
Equipment, 3-20 years

A full month's depreciation is taken in the month an asset is placed in service. When property and equipment are disposed, depreciation is removed from the respective accounts and the resulting gain or loss, if any, is recorded in operations.

**F. Capital Contributions**

Capital Contributions are comprised of federal, state, and local grants. The portion of the grants and reimbursements used for capital purposes are reflected as capital contributions in the Statements of Revenues, Expenses, and Changes in Net Position. The funds are reimbursable contributions, whereas the RMA first pays for the project and then the granting agency reimburses the RMA for its eligible expenses. The RMA considers all grants and contributions to be 100% collectible in accordance with contract terms.

**G. Income Taxes**

The RMA is a political subdivision of the State of Texas. As such, income earned in the exercise of its essential government functions is exempt from state or federal income taxes. Bond obligations issued by state and local governments are tax-exempt only if the issuers pay rebate to the federal government of the earnings on the investment of the proceeds of a tax-exempt issue in excess of the yield on such obligations and any income earned on such excess.

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**Note 1 – Organization and Summary of Significant Accounting Policies – Continued**

**H. Classification of Operating and Non-Operating Revenues and Expenses**

The RMA defines operating revenues and expenses as those revenues and expenses generated by a specified program offering either a good or service. This definition is consistent with GASB Statement No. 9 which defines operating receipts as cash receipts from customers and other cash receipts that do not result from transactions defined as capital and related financing, non-capital financing, or investing activities. Operating expenses for the RMA include the costs of administrative expenses, indirect administrative costs, and costs for contractual services associated with operations or project studies. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**I. Net Position**

In June 2011, GASB issued its Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which became effective for periods beginning after December 15, 2011. This statement provides guidance to financial reporting of deferred outflows and inflows of resources and identifies net position as the residual of all other elements presented in a statement of financial position. Based on the implementation of GASB Statement No. 63, the RMA's net position comprises the following components:

- *Net investment in capital assets* – consists of capital assets net of accumulated depreciation, outstanding balances on borrowings attributable to the acquisition of capital assets, and deferred outflows and inflows of resources attributable to the acquisition of capital assets.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- *Unrestricted* – net amount of assets, deferred outflows, liabilities, and deferred inflows not included in the determination of net investment in capital assets or the restricted component of net position.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
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**Note 1 – Organization and Summary of Significant Accounting Policies – Continued**

J. Deferred Outflows and Inflows of Resources

The RMA has classified as deferred outflows and inflows of resources certain items that represent a consumption or acquisition of resources that apply to a future period.

K. Reclassifications

Certain amounts reported in previous periods have been reclassified to conform to the current year presentation.

L. Subsequent Events

Management has evaluated subsequent events through March 31, 2016, which is the date the financial statements were available to be issued.

M. Restricted Assets

Certain proceeds of the RMA's bonds and grants, as well as certain other resources are classified as restricted assets in the statements of net position because their use is limited by applicable bond covenants, contractual terms and grant agreements. It is the RMA's policy to first apply restricted resources when an expense is incurred for purposes in which both restricted and unrestricted net assets are available.

N. Bond Premiums, Discounts, and Issuance Costs

The RMA amortizes premiums and discounts over the estimated life of the bonds as an adjustment to capitalized interest. Bond issuance costs are expensed as incurred, in accordance with GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities".

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



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**Note 1 – Organization and Summary of Significant Accounting Policies – Continued**

**P. Current Year GASB Statement Implementation**

In the current fiscal year, the RMA implemented the following GASB statements:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, became effective for the RMA beginning with the year ending September 30, 2015. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The impact for the RMA is as follows:

- *Net pension liability* – The net pension liability reported under GASB Statement No. 68 is the difference between the actuarial present value of projected pension benefit payments attributable to employees' past service and the Plan's fiduciary net position. Prior to this new guidance, a liability was recognized only to the extent that contributions made to the plan were exceeded by the actuarially calculated contributions.
- *Deferred outflows of resources and deferred inflows of resources* – GASB Statement No. 68 requires recognition of deferred outflows and inflows of resources associated with the difference between projected and actual earning on Plan investments, to be amortized to pension expense over a closed five-year period. Also to be recognized as deferred outflows and inflows of resources are differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension liability, to be amortized to pension expense over a closed period equal to the average of the expected remaining service lives of all employees receiving pension benefits. Employer contributions to the pension made between the net pension liability measurement date and the employer's fiscal year end are recognized as deferred outflows of resources, to be included in pension expense in the subsequent fiscal year.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, became effective for the RMA beginning with the year ending September 30, 2015. GASB Statement No. 71, provides guidance for amounts associated with contributions, if any, made by a contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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**Note 1 – Organization and Summary of Significant Accounting Policies – Continued**

P. Current Year GASB Statement Implementation - Continued

A beginning deferred outflow of resources is required for pension contributions made subsequent to the measurement date of the beginning net pension liability. The effect of this guidance on the RMA resulted in the recognition of a deferred outflow of resources for contributions made subsequent to the measurement date of the RMA's beginning net pension liability.

**Note 2 – Deposits and Investments**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the RMA will not be able to recover its deposits or will not be able to recover its collateral securities that are in the possession of an outside party. The RMA complies with its investment policy for all its cash and cash equivalent accounts, which calls for safety of principal as the first priority in its deposit accounts. As of September 30, 2015, the carrying amount of the RMA's cash, cash equivalents, and restricted cash was \$11,857,176. Of this total, \$8,898,693 was restricted and held in various bond trustee accounts in the BNY Mellon in accordance with bond indenture agreements. The remainder \$2,958,483 was held in business interest checking accounts. There is no limit on the amount the RMA may deposit in any one institution. However, the Federal Deposit Insurance Corporation only insures up to \$250,000 per institution. The RMA is fully collateralized with pledged securities for amounts in excess of the FDIC limit for the year ended September 30, 2015.

**Note 3 – Capital Assets**

Depreciation expense for 2015 and 2014 was \$776,436 and \$524,408, respectively. The following schedule summarizes the capital assets and Construction in Process of the RMA as of September 30, 2015:

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**Note 3 – Capital Assets – Continued**

<b>Capital Assets</b>	<b>October 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Reclassifications</b>	<b>September 30, 2015</b>
<b>Depreciable</b>					
Buildings	\$ -	\$ 202,803	\$ -	\$ -	\$ 202,803
Improvements	-	7,791	-	-	7,791
Software	19,792	-	-	-	19,792
Infrastructure	12,958,232	-	-	51,242,117	64,200,349
Equipment	4,012,284	-	-	3,509,032	7,521,316
Total	\$ 16,990,308	\$ 210,594	\$ -	\$ 54,751,149	\$ 71,952,051
<b>Accumulated Depreciation</b>					
Buildings	\$ -	\$ (5,070)	\$ -	\$ -	\$ (5,070)
Improvements	-	(87)	-	-	(87)
Software	(3,958)	(3,959)	-	-	(7,917)
Infrastructure	(647,912)	(537,465)	-	-	(1,185,377)
Equipment	(515,816)	(229,856)	-	-	(745,670)
Total	\$ (1,167,686)	\$ (776,436)	\$ -	\$ -	\$ (1,944,121)
Net Depreciable Assets	15,822,622	(565,843)	-	54,751,149	70,007,930
<b>Non-Depreciable</b>					
Land	\$ -	\$ 98,750	\$ -	\$ -	\$ 98,750
Construction in process	59,555,495	14,626,947	-	(54,751,149)	\$ 19,431,293
Work in process	-	232,519	-	-	232,519
Total Capital Assets	75,378,117	14,159,854	-	-	89,770,492

The additions related to Construction in Process for 2015 are as follows:

<b>Project</b>	<b>Additions</b>
SH 550 (Direct Connector)	\$ 12,117,249
SPI 2nd Access	1,899,777
SH 32 (East Loop)	304,330
Outer Parkway	62,710
FM1925	70,170
FM803	89,042
West Parkway	72,795
General Brant	10,874
Total	<u>\$ 14,626,947</u>

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**Note 3 – Capital Assets – Continued**

The following schedule summarizes the capital assets and Construction in Process of the RMA as of September 30, 2014:

	October 1, 2013	Additions	Deletions	Reclassifications	September 30, 2014
Depreciable					
Software	\$ 19,792	\$ -	\$ -	\$ -	\$ 19,792
Infrastructure	12,958,232	-	-	-	12,958,232
Equipment	3,888,658	123,626	-	-	4,012,284
Total	<u>\$ 16,866,682</u>	<u>\$ 123,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,990,308</u>
Accumulated Depreciation					
Software	\$ -	\$ (3,958)	\$ -	\$ -	\$ (3,958)
Infrastructure	(323,956)	(323,956)	-	-	(647,912)
Equipment	(319,322)	(196,493)	-	-	(515,816)
Total	<u>\$ (643,278)</u>	<u>\$ (524,408)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,167,686)</u>
Net Capital Assets	<u>16,223,404</u>	<u>(400,781)</u>	<u>\$ -</u>	<u>-</u>	<u>15,822,623</u>
Non-Depreciable					
Construction in process	<u>\$ 28,409,045</u>	<u>\$ 31,146,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,555,495</u>

The additions related to Construction in Process for 2014 are as follows:

Project	Additions
SH 550 (Direct Connector)	\$ 26,682,405
SPI 2nd Access	3,797,541
SH 32 (East Loop)	337,029
Outer Parkway	127,444
Port Isabel	48,686
General Brant	27,819
West Parkway	13,036
FM803	112,489
Total	<u><u>\$ 31,146,449</u></u>

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
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**Note 4 – Redevelopment Assets**

The RMA has authorization by the State to participate, develop, and construct projects on behalf of other entities. The RMA has begun work on several projects in which the RMA will not retain ownership when work is completed. These projects are recorded as Redevelopment Assets on the Statement of Net Position. At completion, these redevelopment assets will be removed along with any associated liabilities and any difference will be adjusted through current operations. The following schedules summarize the redevelopment assets shown on the Statement of Net Position as of September 30, 2015 and 2014:

<b>Redevelopment Assets</b>	<b>October 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Reclassifications</b>	<b>September 30, 2015</b>
Brownsville/Matamoros West Rail Relocation	\$ 29,265,813	\$ 3,243,951	\$ (12,266)	\$ -	\$ 32,497,498
Olmito Switchyard	12,630,007	75,753	-	-	12,705,760
<b>Total Redevelopment Assets</b>	<b>\$ 41,895,820</b>	<b>\$ 3,319,704</b>	<b>\$ (12,266)</b>	<b>\$ -</b>	<b>\$ 45,203,258</b>

<b>Redevelopment Assets</b>	<b>October 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Reclassifications</b>	<b>September 30, 2014</b>
Brownsville/Matamoros West Rail Relocation	\$ 26,930,439	\$ 2,335,374	-	\$ -	\$ 29,265,813
Olmito Switchyard	12,462,359	167,647	-	-	12,630,007
<b>Total Redevelopment Assets</b>	<b>\$ 39,392,798</b>	<b>\$ 2,503,021</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,895,820</b>

**Note 5 – Disaggregation of Receivable and Payable Balances**

Of the current receivables, 40% are due from the Cameron County for Vehicle Registration Fees and Transportation Reinvestment Zone revenue outstanding as of September 30, 2015. The Due from other agencies consists of amounts pending reimbursement for construction project expenditures. Payable balances are comprised 33% from operations, contractors, and professional services on September 30, 2015. The remaining 67% of accounts payable represents the construction obligations for Construction in Process outstanding on September 30, 2015.

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**Note 6 – Non-Current Liabilities**

Liabilities related to redevelopment assets and due to other agencies is comprised of the following projects:

<b>Liabilities related to redevelopment assets</b>	<u>October 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2015</u>
Due to other agencies - West Rail Project	\$ 27,458,661	\$ 3,469,836	\$ -	\$ 30,928,497
Due to other agencies - Olmito Switch Yard Project	<u>9,844,058</u>	<u>75,753</u>	<u>-</u>	<u>9,919,811</u>
 Total	 <u>\$ 37,302,720</u>	 <u>\$ 3,545,589</u>	 <u>\$ -</u>	 <u>\$ 40,848,309</u>
 <b>Due to Other Agencies</b>				
TxDOT FAA - South Padre Island 2nd Access	\$ 8,818,207	\$ 2,242,620	\$ -	\$ 11,060,827
TxDOT FAA - West Parkway	<u>2,244,589</u>	<u>-</u>	<u>-</u>	<u>2,244,589</u>
 Total	 <u>\$ 11,062,796</u>	 <u>\$ 2,242,620</u>	 <u>\$ -</u>	 <u>\$ 13,305,416</u>

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September 30, 2015

**Note 6 – Non-Current Liabilities - Continued**

**Liabilities related to  
redevelopment assets**

	October 1, 2013	Additions	Reductions	September 30, 2014
Due to other agencies - West Rail Project	\$ 26,067,011	\$ 1,391,651	\$ -	\$ 27,458,662
Due to other agencies - Olmito Switch Yard Project	9,028,321	815,737	-	9,844,058
Total	<u>\$ 35,095,332</u>	<u>\$ 2,207,388</u>	<u>\$ -</u>	<u>\$ 37,302,720</u>

**Due to Other Agencies**

TxDOT FAA - South Padre Island 2nd Access	\$ 5,641,324	\$ 3,176,883	\$ -	\$ 8,818,207
TxDOT FAA - West Parkway	2,244,589	-	-	2,244,589
Total	<u>\$ 7,885,913</u>	<u>\$ 3,176,883</u>	<u>\$ -</u>	<u>\$ 11,062,796</u>

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**Note 7 – Long-Term Bonds Payable**

On April 1, 2010, the RMA issued \$28.7 million of special revenue bonds, consisting of two series of bonds, 2010A and 2010B both secured by vehicle registration fees of Cameron County. The \$13.2 million and \$15.5 million of the 2010A and 2010B bonds were issued as term bonds. The 2010A bonds carry interest rates of 2.0% to 5.0% and mature between February 2012 and February 2026. The 2010B bonds carry an interest rate of 6.5%, maturing on February 2036. All term bonds are subject to mandatory redemption in prescribed amounts before the maturity dates. As of September 30, 2015, \$20 million remains outstanding.

In June 2012, the RMA and Cameron County entered into the SH550 Funding and Development Agreement, for a project titled “SH550 Direct Connector Transportation Project.” Cameron County issued Revenue and Tax bonds, Series 2012 (State Highway 550 Project) \$40,000,000 dated August 8, 2012 providing funding for this project. As a condition of funding, the RMA is obligated to repay the funding with interest on the unpaid principal balance at the same stated rates the County will pay on the Series 2012 bonds in addition to an administrative fee also known as a “CAF Fee.” The bonds carry interest rates of 2.125% to 5.0% and mature between February 2017 and February 2032. As of September 30, 2015 \$40 million remains outstanding.

With the purpose of continuing the funding for the “SH550 Direct Connector Transportation Project” and in accordance with the SH550 Funding and Development agreement entered into on June 2012 and amended on January 29, 2014, Cameron County issued \$5,000,000 Revenue and Tax Bonds, Series 2014 (State Highway 550 Project) dated March 1, 2014. As a condition of such funding, the RMA is obligated to repay the funding with interest on the unpaid principal balance at the same stated rates of interest the County will pay on the Series 2014 bonds. Similarly to the Series 2012 Bonds, the RMA is obligated to continue payment of the annual CAF Fee as calculated on the original issuance of the Series 2012 bonds. Series 2014 bonds carry interest rates of 2.0% to 4.5% and mature between February 2018 and February 2034. The amount that remains outstanding as of September 30, 2015 is \$5 million.

On October 9, 2014, the RMA issued \$6.3 million in special revenue bonds with an average interest rate of 2.1 percent to advance refund \$6.2 million of outstanding 2010A Series Bonds with an average interest rate of 3.7 percent. The net proceeds of \$6.3 million (after payment of \$164,405 in underwriting fees and other issuance costs) plus an additional \$33,581 in monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2010A bonds refunded. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the statement of net assets. The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$37,456. This difference, reported in the accompanying financial statements as a deferred inflow of resources, is being charged to operations through the year 2022 using the effective-interest method.



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**Note 7 – Long-Term Bonds Payable - Continued**

The RMA completed the advance refunding to reduce its total debt service payments over the next seven years by \$356,269 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$335,506. As of September 30, 2015, 6.3 million remain outstanding.

In March, 2015, the RMA issued \$4,500,000 Revenue and Tax Bonds, Series 2015 (State Highway 550 Project) to further provide funds for the “SH550 Direct Connector Transportation Project.” The RMA is responsible for repaying the principal and interest amounts as well as the annual CAF Fee on the bonds. Principal of the bonds and any interest payable are secured by Pledged Revenues, which consist of Net Toll Revenues, Subordinated Vehicle Registration Fees, and the Pass-Through Payments; as well as by Tax Revenues, an annual ad valorem tax on property located within the County. The bonds have maturities between February 2020 and February 2025, and they carry interest rates of 2.5% to 3.0%. As of September 30, 2015, \$4.5 million remain outstanding.

Long-Term Bonds Payable for 2015 and 2014 are summarized as follows:

<b>Bonds Payable</b>	Balance as of October 1, 2014	Additions	Reductions	Balance as of September 30, 2015	Due within one year
2010 Revenue Bonds	\$ 27,015,000	\$ -	\$ (7,000,000)	\$ 20,015,000	\$ -
Plus: Premium on Refunding	64,212	-	(48,922)	15,290	-
2012 Revenue & Tax Bonds	40,000,000	-	-	40,000,000	-
Plus: Premium on Refunding	4,160,407	-	(149,028)	4,011,379	-
2014 Revenue & Tax Bonds	5,000,000	-	-	5,000,000	-
Plus: Premium on Refunding	155,424	-	(770)	154,654	-
2014 Refunding Revenue Bonds	-	6,325,000	-	6,325,000	(850,000)
Plus: Premium on Refunding	-	137,092	(19,585)	117,507	-
2015 Revenue & Tax Bonds	-	4,500,000	-	4,500,000	-
Plus: Premium on Refunding	-	(39,559)	791	(38,768)	-
	<u>\$ 76,395,043</u>	<u>\$ 10,922,533</u>	<u>\$ (7,217,514)</u>	<u>\$ 80,100,062</u>	<u>\$ (850,000)</u>

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**Note 7 – Long-Term Bonds Payable – Continued**

<b>Bonds Payable</b>	Balance as of October 1, 2013	Additions	Reductions	Balance as of September 30, 2014	Due within one year
2010 Revenue Bonds	\$ 27,780,000	-	\$ (765,000)	\$ 27,015,000	\$ (780,000)
Plus: Premium on Refunding	70,327	-	(6,115)	64,212	-
2012 Revenue & Tax Bonds	40,000,000	-	-	40,000,000	-
Plus: Premium on Refunding	4,309,435	-	(149,028)	4,160,407	-
2014 Revenue & Tax Bonds	-	5,000,000	-	5,000,000	-
Plus: Premium on Refunding	-	155,424	-	155,424	-
	<u>\$ 72,159,762</u>	<u>\$ 5,155,424</u>	<u>\$ (920,143)</u>	<u>\$ 76,395,043</u>	<u>\$ (780,000)</u>

The annual requirements to retire the revenue bonds outstanding on September 30, 2015 are as follows:

	<b>2010A Bonds</b>			<b>2010B Bonds</b>		
	Principal	Interest	Total	Principal	Interest	Total
2016	-	224,000	224,000	-	1,017,853	1,017,853
2017	-	224,000	224,000	-	1,017,853	1,017,853
2018	-	224,000	224,000	-	1,017,853	1,017,853
2019	-	224,000	224,000	-	1,017,853	1,017,853
2020	-	224,000	224,000	-	1,017,853	1,017,853
2021-2025	3,275,000	879,625	4,154,625	-	5,089,265	5,089,265
2026-2030	1,205,000	30,125	1,235,125	5,430,000	4,396,719	9,826,719
2031-2035	-	-	-	8,235,000	2,007,369	10,242,369
2036	-	-	-	1,870,000	61,261	1,931,261
	<u>\$ 4,480,000</u>	<u>\$ 2,029,750</u>	<u>\$ 6,509,750</u>	<u>\$ 15,535,000</u>	<u>\$ 16,643,879</u>	<u>\$ 32,178,879</u>

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**Note 7 – Long-Term Bonds Payable – Continued**

2012 Revenue & Tax Bonds				2014 Revenue & Tax Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	-	1,911,700	1,911,700	-	198,300	198,300
2017	840,000	1,899,100	2,739,100	-	198,300	198,300
2018	860,000	1,876,288	2,736,288	50,000	197,800	247,800
2019	880,000	1,856,725	2,736,725	150,000	195,800	345,800
2020	900,000	1,836,688	2,736,688	240,000	188,300	428,300
2021-2025	5,175,000	8,508,875	13,683,875	1,360,000	783,226	2,143,226
2026-2030	6,645,000	7,038,875	13,683,875	1,630,000	512,125	2,142,125
2031-2035	8,530,000	5,151,250	13,681,250	1,570,000	144,438	1,714,438
2036-2040	10,960,000	2,727,000	13,687,000	<u>\$ 5,000,000</u>	<u>\$ 2,418,289</u>	<u>\$ 7,418,289</u>
2041-2042	5,210,000	263,750	5,473,750			
	<u>\$ 40,000,000</u>	<u>\$ 33,070,251</u>	<u>\$ 73,070,251</u>			

2015 Revenue & Tax Bonds			
	Principal	Interest	Total
2016	-	152,813	152,813
2017	-	152,813	152,813
2018	-	152,813	152,813
2019	-	152,813	152,813
2020	100,000	151,562	251,562
2021-2025	825,000	697,537	1,522,537
2026-2030	990,000	558,584	1,548,584
2031-2035	1,175,000	371,465	1,546,465
2036-2040	1,410,000	136,500	1,546,500
2041-2042	-	-	-
	<u>\$ 4,500,000</u>	<u>\$ 2,526,900</u>	<u>\$ 7,026,900</u>

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2015

**Note 8 – Interest Capitalization/Expense**

The RMA capitalized a total of \$2,110,620 of debt interest to Construction in Process projects. The interest capitalized is from the 2010, 2012, 2014, and 2015 Bond Series. The detailed capitalization is outlined in the schedule presented on the following page. The remaining interest was expensed in the total amount of \$1,391,460 for the year ending September 30, 2015.

Project	2010 Bonds	2012 Bonds	2014 Bonds	2015 Bonds
West Parkway Project	\$ 2,818	\$ -	\$ -	\$ -
Outer Parkway Project	4,964	-	-	-
SH 32 (East Loop)	13,461	-	-	-
FM 803	4,146	-	-	-
General Brant	1,324	-	-	-
State Highway 550 Project	-	1,766,853	270,844	46,210
Total Interest Capitalized	\$ 26,713	\$ 1,766,853	\$ 270,844	\$ 46,210

Capitalized interest as of September 30, 2014 is shown in the following schedule.

Project	2010 Bonds	2012 Bonds	2014 Bonds
West Parkway Project	\$ 514	\$ -	\$ -
Outer Parkway Project	5,024	-	-
SH 32 (East Loop)	13,286	-	-
FM 803	4,434	-	-
General Brant	1,097	-	-
Port Isabel Access Rd	1,919	-	-
State Highway 550 Project	-	1,766,853	42,965
Total Interest Capitalized	\$ 26,274	\$ 1,766,853	\$ 42,965

**Note 9 – Employee Retirement System**

**A. Plan Description**

The RMA participates as one of 677 nontraditional defined benefit pension plans administered by the Texas County and District Retirement System (TCDRS). The TCERS is an agency created by the Texas Legislature and administered in accordance with the TCERS Act as an agent multiple-employer retirement system for county and district employees in the State of Texas. The TCERS Act places the general administration and management of the TCERS with an independent, nine-member Board of Trustees. Although the governor, with the advice and consent of the Senate, appoints the Board, TCERS is not fiscally dependent on the State of Texas. TCERS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TCERS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tcders.org](http://www.tcders.org)

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2015

**Note 9 – Employee Retirement System - Continued**

All eligible employees of the RMA are required to participate in TCDRS.

**B. Benefits Provided**

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act).

Benefit amounts are determined by the sum of the employees contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. The plan provisions are adopted by the governing body of the employer within the options available in the TCDRS Act.

Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or greater. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

**Employees covered by benefit terms**

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

	<b><u>Number of Employees</u></b>
Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	0
Active employees	3
	<u>3</u>

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
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**Notes to Financial Statements**  
September 30, 2015

**Note 9 – Employee Retirement System - Continued**

C. Contributions

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. The deposit rate for employees is 4%, 5%, 6%, or 7% of compensation, as adopted by the employer's governing body. The employee contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. Under the TCDRS Act, the contributions rate of the employer is actuarially determined annually using the Entry Age Normal (EAN) actuarial cost method.

Employees for the RMA were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the RMA was 10.13% in both calendar years 2014 and 2015. The RMA's contributions for the year ended September 30, 2015, were \$33,736, and were equal to the required contributions.

D. Net Pension Liability

The RMA's net pension liability (NPL) was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3%
Salary increases	4.9%, average, including inflation
Investment rate of return	8.1%, net of pension plan investment expense

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2015

**Note 9 – Employee Retirement System - Continued**

Mortality rates were based on the following:

Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.

The actuarial assumptions used in the December 31, 2014, valuation were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012 except where required to be different by GASB 68.

Long-term expected rate of return

The long-term expected rate of return on TCDRS assets is 8.10%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2015 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 – December 31, 2013 for more details.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2015

**Note 9 – Employee Retirement System - Continued**

Asset Class	Benchmark	Target Allocation (*1)	Geometric Real Rate of Return (Expected minus inflation) (*2)
US Equities	Dow Jones U.S. Total Stock Market Index	16.5%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (*3)	12.00%	8.35%
Global Equities	MSCI World (net) Index	1.50%	5.65%
International Equities – Developed	50% MSCI World Ex USA (net) + 50% MSCI World Ex USA 100% Hedged to USD (net) Index	11.00%	5.35%
International Equities – Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.00%	6.35%
Investment – Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High –Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLPS)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (*4)	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composit Index	25.00%	5.15%

(\*1) Target asset allocation adopted at the April 2015 TCDRS Board meeting.

(\*2) Geometric real rates of return in addition to assumed inflation of 1.7%, per Cliffwater's 2015 capital market assumptions.

(\*3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

(\*4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.



CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2015

**Note 9 – Employee Retirement System - Continued**

Discount rate

The discount rate used to measure the total pension liability was 8.10%. The rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus a 0.10% adjustment to be gross of administrative expenses as required by GASB 68. The method used to determine the discount rate reflects the following funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act:

- TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layer periods.
- Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and the net pension liability of the employer is equal to the long-term assumed rate of return on investments.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2015

**Note 9 – Employee Retirement System - Continued**

Changes in the net pension liability

The RMA's changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2013	\$ -	\$ -	\$ -
Changes for the year:			
Service Cost	26,781	-	26,781
Interest on total pension liability (*1)	1,063	-	1,063
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	26	-	26
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	(9)	9
Member contributions	-	9,253	(9,253)
Net investment income	-	89	(89)
Employer contributions	-	13,390	(13,390)
Other (*2)	-	-	-
Balances as of December 31, 2014	<u>\$ 27,870</u>	<u>\$ 22,723</u>	<u>\$ 5,147</u>

(\*1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(\*2) Relates to allocation of system-wide items.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2015

**Note 9 – Employee Retirement System - Continued**

Sensitivity analysis

The following presents the net pension liability/(asset) of the RMA, calculated using the discount rate of 8.10%, as well as what the RMA's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate:

	1% Decrease	Current	1% Increase
	7.10%	Discount Rate 8.10%	9.10%
Total pension liability	\$ 29,838	\$ 27,870	\$ 25,145
Fiduciary net position	22,723	22,723	22,723
Net pension liability/(asset)	<u>\$ 7,115</u>	<u>\$ 5,147</u>	<u>\$ 2,422</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TCDRS financial report. That report may be obtained at [www.tcdrs.org](http://www.tcdrs.org)

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the RMA recognized pension expense of \$17,858.

On September 30, 2015, the RMA reported deferred inflows and outflows of resources related to pensions from the following sources located on the next page:

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2015

**Note 9 – Employee Retirement System - Continued**

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 25
Net difference between projected and actual earnings	-	655
Contributions made subsequent to measurement date (*1)	N/A	29,190
Total deferred inflows/outflows of resources related to pensions	\$ -	\$ 29,870

(\*1) Reflects employer contributions made subsequent to the measurement date through the employer's fiscal year end. This amount will be recognized as a reduction in Net Pension liability for the year ending September 30, 2016.

The total of \$29,190 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,

2016	\$ 165
2017	165
2018	165
2019	165
2020	1
Thereafter (*1)	20

(\*1) Total remaining balance to be recognized in future years. Note that additional future deferred inflows and outflows of resources may impact these numbers

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2015

**Note 10 – Due to Other Governments**

Cameron County

On April 11, 2006, Cameron County (County) entered into an agreement with the RMA whereby the County would provide a loan of \$250,000 for the purpose of assisting the RMA in its organizational efforts. The balance outstanding as of September 30, 2015 and 2014 was \$167,500.

**Note 11 – Advertising**

The RMA incurs advertising expenditures to promote community awareness of existing and ongoing projects. These expenditures include public relation events, website and social media marketing of toll operations, and other general advertising-related activities. These expenditures are expensed in the year incurred.

**Note 12 – Prior Period Adjustment**

A prior period adjustment of \$5,654 was recorded as deferred outflows for contributions after the measurement date for the year ended September 30, 2014, in accordance with GASB Statements 68 and 71.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Required Supplementary Information – Pension Plan**  
September 30, 2015

**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Year Ended December 31, 2014**

**Total Pension Liability**

Service cost	\$ 26,781
Interest on total pension liability	1,063
Effect of plan changes	-
Effect of assumption changes or inputs	-
Effect of economic/demographic (gains) or losses	26
Benefit payments/refunds of contributions	-
Net change in total pension liability	<u>27,870</u>
Total pension liability, beginning	-
Total pension liability, ending (a)	<u>\$ 27,870</u>

**Fiduciary Net Position**

Employer contributions	\$ 13,390
Member contributions	9,253
Investment income net of investment expenses	89
Benefit payments/refunds of contributions	-
Administrative expenses	(9)
Other	(1)
Net change in fiduciary net position	<u>22,723</u>
Fiduciary net position, beginning	-
Fiduciary net position, ending (b)	<u>\$ 22,723</u>
Net pension liability/(asset), ending = (a) - (b)	<u>\$ 5,147</u>
Fiduciary net position as a % of total pension liability	81.53%

Pensionable covered payroll	\$ 198,278
Net pension liability as a % of covered payroll	2.60%

The Schedule of Changes in Net Pension Assets and related Ratio disclosure is required for 10 years. The schedule noted above is the only year for which the new GASB Statements have been implemented.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Required Supplementary Information – Pension Plan**  
September 30, 2015

**Schedule of Employer Contributions**

<b>Year Ending December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll <sup>(1)</sup></b>	<b>Actual Contribution as a % of Covered Payroll</b>
2005	Not Available	Not Available	Not Available	Not Available	Not Available
2006	**	**	**	**	**
2007	**	**	**	**	**
2008	**	**	**	**	**
2009	**	**	**	**	**
2010	**	**	**	**	**
2011	**	**	**	**	**
2012	**	**	**	**	**
2013	**	**	**	**	**
2014	13,390	13,390	0	132,185	10.1%

<sup>(1)</sup> Payroll is calculated based on contributions as reported to TCDRS.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Required Supplementary Information – Pension Plan**  
September 30, 2015

**Notes to Schedule of Employer Contributions and Net Pension Liability**

*Actuarial Methods and Assumptions Used*

Following are the key assumptions and methods used in this GASB analysis.

<b>Valuation Timing</b>	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<b>Actuarial Cost Method</b>	Individual entry age normal cost method, as required by GASB Statement No. 68, used for GASB calculations. A slightly different version of the entry age normal cost method is used for the funding actuarial valuation.
<b>Asset Valuation Method</b> Smoothing period Recognition method Corridor	5 years Non-asymptotic None
<b>Economic Assumptions</b> Inflation Salary Increases  Investment Rate of Return COLAs	3.0% 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee  8.10% COLAs for the Cameron County Regional Mobility Authority are not considered to be substantively automatic under GASB Statement No. 68. Therefore, no assumption for the future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.



CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Required Supplementary Information – Pension Plan**  
September 30, 2015

**Retirement Age**

**Annual Rates of Service Retirement\***

Age	Male	Female	Age	Male	Female
40-44	4.50%	4.50%	62	25.0%	25.0%
45-49	9.0	9.0	63	16.0	16.0
50	10.0	10.0	64	16.0	16.0
51	10.0	10.0	65	30.0	30.0
52	10.5	10.5	66	25.0	25.0
53	10.5	10.5	67	24.0	24.0
54	10.5	10.5	68	22.0	22.0
55	11.0	11.0	69	22.0	22.0
56	11.0	11.0	70	22.0	22.0
57	11.0	11.0	71	22.0	22.0
58	12.0	12.0	72	22.0	22.0
59	12.0	12.0	73	22.0	22.0
60	14.0	14.0	74**	22.0	22.0
61	12.0	12.0			

\* *Deferred Members are assumed to retire (100% probability) at the later of:*

*(a) age 60*

*(b) earliest retirement eligibility*

\*\* *For all eligible members ages 75 and later, retirement is assumed to occur immediately*

**Other Terminations of Employment** – The rate of assumed future termination from active participation on the plan for reasons other than death, disability or retirement are all set at 0% and the rates vary by length of service, entry-age group (age at hire) and sex. No termination after eligibility for retirement is assumed.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Required Supplementary Information – Pension Plan**  
September 30, 2015

**Withdrawals** – Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to your plan are shown in the table below. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.

<b>Probability of Withdrawal</b>			
<b>Years of Service</b>	<b>Probability</b>	<b>Years of Service</b>	<b>Probability</b>
0	100%	15	40%
1	100	16	38
2	100	17	36
3	100	18	34
4	100	19	32
5	60	20	30
6	60	21	28
7	55	22	26
8	50	23	24
9	49	24	22
10	48	25	20
11	47	26	15
12	46	27	10
13	44	28*	5
14	42		

*\* Members with more than 28 years of service are not assumed to refund.*

**Mortality**

Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-years setback, both with the projection scale AA.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS*

To the Board of Directors  
Cameron County Regional Mobility Authority  
Brownsville, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Cameron County Regional Mobility Authority (the RMA), a component unit of Cameron County, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the RMA's basic financial statements, and have issued our report thereon dated March 31, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the RMA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the RMA's internal control. Accordingly, we do not express an opinion on the effectiveness of the RMA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the RMA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Long Chilton" followed by a stylized flourish.

**LONG CHILTON, LLP**

Brownsville, Texas  
March 31, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY OMB CIRCULAR A-133 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

To the Board of Directors  
Cameron County Regional Mobility Authority  
Brownsville, Texas

**Report on Compliance for Each Major Federal/State Program**

We have audited the Cameron County Regional Mobility Authority's (the RMA) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the RMA's major federal/state programs for the year ended September 30, 2015. The RMA's major federal/state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal/state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the RMA's major federal/state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit* and State of Texas Single Audit Circular. Those standards, OMB Circular A-133, and State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal/state program occurred. An audit includes examining, on a test basis, evidence about the RMA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal/state program. However, our audit does not provide a legal determination of the RMA's compliance.

### ***Opinion on Each Major Federal/State Program***

In our opinion, the RMA, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal/state programs for the year ended September 30, 2015.

### **Report on Internal Control Over Compliance**

Management of the RMA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the RMA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal/state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal/state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the RMA's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal/state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal/state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal/state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.



**LONG CHILTON, LLP**

Brownsville, Texas  
March 31, 2016

**Cameron County Regional Mobility Authority  
Schedule of Expenditures of Federal/State Awards  
For the Year Ended September 30, 2015**

<i>Federal/State Grantor &amp; Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal/State Expenditures(\$)</i>
<b><i>Federal Awards</i></b>				
Department of Transportation Highway Planning and Construction				
	20.205	Direct	Pass-through Agreement for Payment of Pass-through Tolls SH550 Project--CSJ-3622-01-003	6,257,521
	20.205	Texas Department of Transportation	Advance Funding Agreement - West Rail Project--CSJ 0921-06-073 & 23	3,009,072
	20.205	Texas Department of Transportation	Switchyard and RIP Facility--CSJ 921-06-244	75,753
Total Highway Planning and Construction				<u>9,342,346</u>
<b><i>Total Expenditures of Federal Awards</i></b>				<u><u>\$ 9,342,346</u></u>
<b><i>State Awards</i></b>				
Texas Department of Transportation		Direct	South Padre Island Second Causeway Interim Project Development Agreement --CSJ 0921-06-163	2,087,812
<b><i>Total Expenditures of State Awards</i></b>				<u><u>\$ 2,087,812</u></u>

The accompanying notes are an integral part of this schedule

**CAMERON COUNTY REGIONAL MOBILITY AUTHORITY**  
**(A COMPONENT UNIT OF CAMERON COUNTY, TEXAS)**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS**  
Year Ended September 30, 2015

**NOTE 1 - GENERAL**

The accompanying Schedule of Expenditures of Federal/State Awards presents the activity of federal/state expenditures of programs of the Cameron County Regional Mobility Authority (the RMA). The RMA reporting entity is defined in Note 1 to the RMA's basic financial statements.

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal/state awards is presented using the accrual basis of accounting.

**NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS**

Federal/state award expenditures as reported in the accompanying schedule of expenditures of federal/state awards are reflected in the RMA's financial statements as expenses or capital asset additions.

**NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related Federal and state financial reports filed with the grantor agencies because of the effect of accruals made in the schedule.



CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A COMPONENT UNIT OF CAMERON COUNTY, TEXAS)  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL AND STATE AWARDS**  
For Year Ended September 30, 2015

**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes        X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes        X   None Reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes        X   No

Federal/State Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes        X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes        X   None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes        X   No

Identification of major programs:

CFDA Numbers

Name of Federal/State Program or Cluster

Federal –

20.205

Highway Planning and Construction

State –

CSJ 0921-06-163

SPI 2<sup>ND</sup> Causeway Interim Project  
Development Agreement

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A COMPONENT UNIT OF CAMERON COUNTY, TEXAS)  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL AND STATE AWARDS - CONTINUED**  
For Year Ended September 30, 2015

**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS - CONTINUED**

Dollar threshold used to distinguish between Type A and Type B Federal programs	<u>Type A \$300,000</u>	<u>Type B \$100,00</u>
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Auditee qualified as low-risk auditee?	<u>  X  </u> Yes	<u>      </u> No
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Dollar threshold used to distinguish between Type A and Type B State programs	<u>Type A \$ 300, 000</u>	<u>Type B \$100,000</u>
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Auditee qualified as low-risk auditee?	<u>  X  </u> Yes	<u>      </u> No
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**II. FINANCIAL STATEMENT FINDINGS**

None noted which were required to be reported.

**III. FINDINGS AND QUESTIONED COSTS OF FEDERAL/STATE AWARDS**

None noted which were required to be reported.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A COMPONENT UNIT OF CAMERON COUNTY, TEXAS)  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL AND STATE AWARDS – PRIOR YEAR**  
For Year Ended September 30, 2015

**II. FINANCIAL STATEMENT FINDINGS**

None noted which required reporting.

**III. FINDINGS AND QUESTIONED COSTS OF FEDERAL/STATE AWARDS**

None noted which required reporting.